

VZCZCXRO3923
RR RUEHFL RUEHKW RUEHLA RUEHNP RUEHROV RUEHSR
DE RUEHVJ #0096/01 0231712
ZNY CCCCC ZZH
R 231712Z JAN 09
FM AMEMBASSY SARAJEVO
TO RUEHC/SECSTATE WASHDC 9572
INFO RUEHZL/EUROPEAN POLITICAL COLLECTIVE
RUEKJCS/SECDEF WASHDC
RUEAIIA/CIA WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUZEJAA/USNIC SARAJEVO

C O N F I D E N T I A L SECTION 01 OF 02 SARAJEVO 000096

SIPDIS

E.O. 12958: DECL: 01/09/2019

TAGS: [PGOV](#) [PREL](#) [MARR](#) [BK](#)

SUBJECT: BOSNIA -- SEEKING A DEAL ON IMMOVEABLE DEFENSE
PROPERTY

Classified By: Amb. Charles English for reasons 1.4 (b) and (d)

11. (C) SUMMARY: The Ambassador met with the Minister of Defense, Selmo Cikotic, January 22 to urge him to submit to the Council of Ministers (COM) an agreement giving ownership of immoveable defense property to Bosnia's state level defense institutions. The agreement is in line with the principles of the recent Prud agreement between Bosnia's three main political parties, and its approval by the COM, and Federation and Republika Srpska (RS) governments would bring Bosnia one step closer to fulfilling the PIC's 5 2 agenda. The Ambassador then called party leaders Tihic and Covic to urge them to endorse the agreement at their January 26 meeting with RS PM Dodik, noting that if the three leaders did so it would demonstrate their ability to transform the Prud political agreement into concrete achievements. Though the 2005 Law on Defense provides for resolution of all defense property issues via a transfer agreement, Tihic balked, telling the Ambassador that he preferred to pursue an overall settlement of all state property that also resolved remaining defense property issues. With this in mind, we believe that Tihic's approach risks the bird in the hand -- the MOD approved transfer agreement -- for the elusive two in the bush given the profound ideological differences between Tihic and Dodik on broader state property issues. We will continue to press the parties to accept a separate resolution of immoveable defense property, just as we did with moveable property in February 2008, without which the defense reform process will suffer a severe setback. We also hope that, if accepted, an agreement on defense property can be a catalyst for further progress on the Prud agenda. END SUMMARY.

WANTED: A PRUD VICTORY

12. (C) Ten weeks after its conclusion, the Prud agreement -- an effort by Party for Democratic Action (SDA) President Sulejman Tihic, Croatian Democratic Union (HDZ-BiH) President Dragan Covic, and Alliance of Independent Social Democrats (SNSD) leader Milorad Dodik to establish a political framework for resolving several crucial issues -- has borne little fruit. Tihic and Covic took significant political risk signing Prud, since Dodik has a long and growing track record for walking back his political commitments. With both men, but particularly Tihic, increasingly exposed to criticism from their flanks, Tihic and Covic could use an early success to validate their willingness to compromise. Although Prud does not treat defense property separately, the principles of Prud combined with the existing legal framework provided for in the 2005 Law on Defense for resolving defense property, and our past accomplishment resolving moveable defense property present an opportunity for a straightforward resolution of the defense property issues. Immoveable defense property remains the greatest outstanding challenge of Bosnia's defense reform agenda since consolidating Bosnia's separate entity armies into a single state

institution in 2005.

DEFENSE PROPERTY: TRYING TO BUILD ON PAST ACHIEVEMENTS

13. (C) U.S. engagement has already produced several accomplishments with respect to defense property. These accomplishments include an agreement that the state owns all weapons, ammunition and equipment, an agreement on which immovable properties the Ministry of Defense must control and which will eventually be returned to lower levels of government, and an agreement on the legal mechanism of registering legal title in state level ownership. These hard-won accomplishments do not yet exist for other former state property: in fact, there is no agreed framework for resolving any other state property issues. The post-Prud talks of an overall settlement to state property have already bogged down on exactly the questions for which we have managed to find answers on defense property. By including defense property in new talks on state property, the parties are ignoring existing legal frameworks for resolving the issue and implicitly undermining the gains we have already made on moveable property.

MINISTER AGREES, TIHIC BALKS

14. (C) In the January 22 meeting with Ambassador, Cikotic told us that the Ministry would present to the Council of Ministers a draft agreement on the resolution of immovable defense property (which NATO HQ had drafted upon our suggestion) and agreed that it would be in the best interests

SARAJEVO 00000096 002 OF 002

of the Bosnian Armed Forces if the agreement was quickly adopted by the state, Federation and RS governments. We also reached out to Covic and Tihic and urged them to endorse the agreement at the three-party talks with Dodik scheduled for January 26. The Ambassador stressed to both men that they could present the agreement on immovable defense property as a Prud success, while at the same time testing the sincerity of Dodik's commitments on the broader state property issue. Covic agreed that an agreement on immovable defense property may be more feasible than an agreement on overall state property now, and said that he would support it if there was no support for a state property agreement at the meeting with Dodik. Tihic, (to whom Cikotic reports in the SDA party structure), however, was not convinced, arguing that the separate agreement on defense property may "lack a legal basis." Though we outlined to him the contents of the Law on Defense and the 2008 Presidency decision on immovable defense property, Tihic made clear that he preferred, at least for the time being, to pursue an overall agreement on state property that included immovable defense property. We believe that Tihic still seeks an agreement that validates SDA's position that all former Yugoslav or Republic of Bosnia and Herzegovina property located in Bosnia belongs to the current Bosnian state as the legal successor state to both, a proposition RS PM Dodik has rejected.

DEFENSE PROPERTY A U.S. PRIORITY

15. (C) Besides presenting a chance for an early victory on Prud, the proposed agreement on immovable defense property would give Bosnia's state defense institutions full ownership of property it needs to strengthen its capacity and pursue its Euro-Atlantic institutions. We have treated the final resolution of defense property issues as one of our priorities since the creation of Bosnia's Armed Forces in 2005. Three years later, the failure to resolve property issues is one reason that Bosnia's armed forces do not look or act like a real army. The military lacks unquestioned title and exclusive use of those properties it needs (many currently are shared with other levels of government or have outside users, such as radio stations and non-governmental

organizations) and, just as importantly, the armed forces lacks the right to get rid of those sites it does not need, forcing them to dedicate up to forty percent of their infantry to guard duty.

COMMENT

16. (C) It is unfortunate that Tihic passed on an opportunity to secure a quick win for the state and present Dodik with a decision that would test Dodik's commitment to Prud. The agreement that Tihic seeks on state property, although perhaps legally meritorious, is probably unachievable. Though Tihic has chosen, for the time being to pursue the course, we will continue to seek opportunities to press him to support the MOD-drafted transfer agreement on immoveable defense property, which is vital to Bosnia's defense reform process.
ENGLISH